

ATHLETIC DEPARTMENT
UNIVERSITY OF LOUISIANA AT LAFAYETTE
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA



AGREED-UPON PROCEDURES REPORT
ISSUED FEBRUARY 13, 2008

LEGISLATIVE AUDITOR
1600 NORTH THIRD STREET
POST OFFICE BOX 94397
BATON ROUGE, LOUISIANA 70804-9397

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LOUISIANA LEGISLATIVE AUDITOR
STEVE J. THERIOT, CPA

January 15, 2008

Independent Accountant's Report on the
Application of Agreed-Upon Procedures

DR. RAY P. AUTHEMENT, PRESIDENT
UNIVERSITY OF LOUISIANA AT LAFAYETTE
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Lafayette, Louisiana

We have performed the procedures enumerated below, which were agreed to by you, as president of the University of Louisiana at Lafayette, solely to assist you in evaluating whether the accompanying Statement of Revenues and Expenses (Statement) of the University of Louisiana at Lafayette Athletic Department is in compliance with the National Collegiate Athletic Association (NCAA) Bylaw 6.2.3 for the year ended June 30, 2007, and to assist you in your evaluation of the effectiveness of the University of Louisiana at Lafayette Athletic Department's internal control over financial reporting as of June 30, 2007. University management is responsible for the Statement (unaudited) and related notes (unaudited) and compliance with NCAA requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of management of the University of Louisiana at Lafayette. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures that we performed and our findings are as follows:

STATEMENT OF REVENUES AND EXPENSES

GENERAL PROCEDURES

1. We obtained written representations from management as to the fair presentation of the Statement, completeness of required schedules and related financial information, adequacy of controls, compliance with NCAA rules and regulations, and other information we considered necessary for the year ended June 30, 2007.

We found no exceptions as a result of these procedures.

2. We verified the mathematical accuracy of the amounts on the Statement and agreed the amounts to supporting schedules provided by the university and/or the university's general ledger.

We found no exceptions as a result of these procedures.

3. We inquired of management about the involvement of the university's internal auditor in the intercollegiate athletics program and reviewed all athletics-related internal audit reports.

An internal audit report dated December 4, 2006, on student athlete complimentary tickets reported that no exceptions were noted.

We found no exceptions as a result of these procedures.

4. We compared each operating revenue and expense category for June 30, 2006, and June 30, 2007, to identify variances of 20 percent or greater between individual revenue and expense categories (line items) that are 5 percent or more of the total.

As a result of our procedures, we identified variances of 20 percent or greater in the following revenue and expense accounts that are 5 percent or more of the total:

Revenues

Ticket sales

Guarantees

Contributions

Direct institutional support

NCAA/Conference distributions including all tournament revenues

Expenses

Athletic student aid

Game expenses

5. We compared the budgeted revenues and expenses to actual revenues and expenses for each operating revenue and expense category for the year ended June 30, 2007, to identify any variances of 20 percent or greater in individual revenue and expense categories (line items) that are 5 percent or more of the total and obtained the university's explanations.

As a result of our procedures, we identified a variance of 20 percent or greater between budget and actual amounts in individual line items that was 5 percent or more of the total:

Revenues

NCAA/Conference distributions including all tournament revenues

MINIMUM AGREED-UPON PROCEDURES FOR REVENUES

1. We selected the basketball and football games with the largest ticket sales and recalculated reconciliations for the two games selected. We agreed amounts reported to the general ledger and the Statement.

We found no exceptions as a result of this procedure.

2. We obtained the university's methodology for allocating student fees to the intercollegiate athletics program and then compared and agreed student fees reported in the Statement to student enrollment for reasonableness.

We found no exceptions as a result of this procedure.

3. We selected the away game with the largest game guarantee settlement and agreed the amount to the general ledger and to the contractual agreement.

We found no exceptions as a result of this procedure.

4. We compared direct institutional support recorded by the institution during the reporting period with state appropriations, institutional authorizations, and/or other corroborative supporting documentation. We recalculated the totals.

We found no exceptions as a result of this procedure.

5. We inquired about indirect institutional support recorded by the institution during the period to compare with state appropriations, institutional authorizations and/or other corroborative supporting documentation.

The university had no indirect institutional support as defined by NCAA guidelines.

6. Based on the relevant terms and conditions related to the university's participation in revenues from NCAA/Conference tournaments during the period, we compared and agreed related revenues to the general ledger and/or the Statement. In addition, we agreed all operating revenue receipts from the NCAA/Conference distributions category to adequate supporting documentation.

We found no exceptions as a result of this procedure.

7. We obtained and inspected the agreement related to the university's participation in revenues from broadcasts, television, radio, and Internet rights during the period. We compared and agreed related revenues to the general ledger and/or the Statement and recalculated the totals.

We found no exceptions as a result of this procedure.

8. We obtained and inspected the agreements related to the university's participation in revenues from royalties, licensing, advertisements, and sponsorships during the period. We compared and agreed related revenues to the general ledger and/or the Statement and recalculated the totals.

We found no exceptions as a result of these procedures.

9. We inquired about sports-camp contracts between the university and person(s) conducting the camps or clinics and the university's athletic department does not receive monies from sports-camps or clinics.
10. We selected one operating revenue receipt from each category not previously mentioned and agreed to adequate supporting documentation.

We found no exceptions as a result of this procedure.

MINIMUM AGREED-UPON PROCEDURES FOR EXPENSES

1. We selected a sample of four students from the listing of university student aid recipients and obtained individual student-account detail for each selection and compared total aid allocated from the related aid award letter to the student's account. We recalculated the totals.

We found no exceptions as a result of these procedures.

2. We obtained and inspected the largest contractual agreement pertaining to expenses recorded by the university from a guaranteed contest during the period. We used the game settlement report and agreed related expenses to the university's general ledger and the Statement and recalculated the totals.

We found no exceptions as a result of these procedures.

3. We obtained from management a list of coaches and support staff/administrative personnel paid by the university. We examined the contracts for the head coaches from football, men's and women's basketball, and two support staff/administrative personnel. The following procedures were performed:
 - (a) We compared and agreed the financial terms and conditions of each head coach selected to the related coaching salaries, benefits, and bonuses recorded by the university and related entities in the Statement.
 - (b) We obtained and inspected any related W-2s and 1099s for each selection.
 - (c) We compared and agreed any related W-2s and 1099s for each selection to the related salaries, benefits, and bonuses paid by the university and

related entities' expense recorded by the university in the Statement during the reporting period.

We found no exceptions as a result of these procedures.

4. Using a list prepared by the university, we selected the athletic employee with the highest severance payment and agreed the severance pay to the related termination letter or employment contract and recalculated the totals.

We found no exceptions as a result of this procedure.

5. We compared and agreed the university's recruiting expense policies to existing university and NCAA-related policies. We selected two recruiting expenses and agreed to supporting documentation.

We found no exceptions as a result of this procedure.

6. We compared and agreed the university's team travel policies to existing institutional and NCAA-related policies. We selected two travel expenses and agreed to supporting documentation. In addition, we selected one post-season travel expense and followed the transaction through the university's internal control system to ensure adherence to controls.

We found no exceptions as a result of these procedures.

7. We inquired about travel expenses incurred by spirit groups and the university had none.
8. We selected four operating expenses from the direct facilities, maintenance, and rental category and agreed to supporting documentation.

We found no exceptions as a result of this procedure.

9. We inquired about the institution's methodology for allocating indirect facilities support.

The university had no indirect facilities support as defined by NCAA guidelines.

10. We inquired about indirect facilities and administrative support reported by the university in the Statement.

The university had no indirect facilities and administrative support as defined by NCAA guidelines.

11. We inquired about sports-camp expenses paid by the athletic department including non-athletic personnel salaries and benefits from hosting sports-camps and clinics and the university had none.

12. We selected one operating expense from each category not previously mentioned and agreed to adequate supporting documentation.

We found no exceptions as a result of these procedures.

MINIMUM AGREED-UPON PROCEDURES FOR NOTES AND DISCLOSURES

1. We obtained from university management a list of contributions received by the athletic department to identify any individual contributions that constitute more than 10 percent of the total contributions. We obtained and reviewed supporting documentation for each such contribution and ensured the source of funds, goods, and services, as well as the value associated with these items, is properly disclosed within the notes to the statement.

The University of Louisiana at Lafayette Foundation, Inc., an outside organization, contributed monies, goods, and services for or on behalf of the athletic department that exceeded 10 percent of the total contributions.

2. We obtained and reviewed a schedule of changes in intercollegiate athletics capitalized assets of facilities along with a description of the university's policies and procedures for acquiring, approving, depreciating, and disposing of intercollegiate athletics-related assets.
3. We agreed the capital asset schedule to the university's general ledger and affiliated and outside organizations' financial statements. We selected capitalized additions greater than 10 percent of total capital additions and agreed the additions to adequate supporting documentation.

We found no exceptions as a result of these procedures.

4. We inquired about all outstanding intercollegiate athletics debt maintained by the institution and/or affiliated and outside organizations during the reporting period.

The university had no outstanding intercollegiate athletics debt.

MINIMUM AGREED-UPON PROCEDURES FOR AFFILIATED AND OUTSIDE ORGANIZATIONS

1. We obtained written representation from management of the university that the University of Louisiana at Lafayette Foundation, Inc., was the only outside organization created for or on behalf of the athletic department.
2. We obtained from management a summary of revenues and expenses for or on behalf of intercollegiate athletics programs by affiliated and outside organizations to be included with the agreed-upon procedures report and written representations

as to the fair presentation of the summary and agreed the amounts reported to the university's and/or outside organization's general ledger.

	Football	Men's Basketball	Women's Basketball	Other Sports	Non- Program Specific	Total
Revenues						
Contributions	\$107,796	\$16,513		\$120,836	\$331,978	\$577,123
Total revenues	107,796	16,513	NONE	120,836	331,978	577,123
Expenses						
Recruiting		475			12,090	12,565
Equipment, uniforms, and supplies	75,137	2,467		56,653	39,535	173,792
Game expenses	2,308	1,066		12,548	33,017	48,939
Fund raising, marketing, and promotion	17,395	2,965		20,270	131,123	171,753
Direct facilities, maintenance, and rental	1,500			3,000	63,495	67,995
Other operating expense	11,456	9,540		28,365	52,718	102,079
Total expenses	107,796	16,513	NONE	120,836	331,978	577,123
EXCESS OF REVENUES OVER EXPENSES	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>

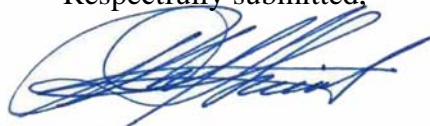
- For all outside organizations that had an independent audit, we obtained the independent auditor's report to identify any significant deficiencies relating to the outside organization's internal controls, to make inquiries of management, and to document any corrective action taken in response to the significant deficiencies.

The financial statements of the University of Louisiana at Lafayette Foundation, Inc., were audited by an independent certified public accounting firm for the year ended June 30, 2007. The audit report is dated October 2, 2007, and includes no significant deficiencies on the outside organization's internal control.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on the compliance of the accompanying Statement of Revenues and Expenses and related notes of the University of Louisiana at Lafayette Athletic Department or on its compliance with NCAA Bylaw 6.2.3 or on the effectiveness of the University of Louisiana at Lafayette Athletic Department's internal control over financial reporting for the year ended June 30, 2007. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the president of the University of Louisiana at Lafayette and is not intended to be, and should not be, used by anyone other than the president. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Steve J. Theriot, CPA
Legislative Auditor

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**ATHLETIC DEPARTMENT
UNIVERSITY OF LOUISIANA AT LAFAYETTE
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

**Statement of Revenues and Expenses
For the Year Ended June 30, 2007**

	FOOTBALL	MEN'S BASKETBALL	WOMEN'S BASKETBALL	OTHER SPORTS	NON- PROGRAM SPECIFIC	TOTAL
REVENUES						
Operating Revenues:						
Ticket sales	\$727,047	\$255,834	\$3,462	\$208,612		\$1,194,955
Student fees					\$480,655	480,655
Guarantees	1,387,600	105,000	39,000	11,500		1,543,100
Contributions	192,796	25,013	3,000	754,608	767,335	1,742,752
Direct institutional support	25,668	6,696	48,472	144,084	5,886,097	6,111,017
NCAA/Conference distributions including all tournament revenues					804,780	804,780
Broadcast, television, radio, and Internet rights					35,500	35,500
Program sales, concessions, novelty sales, and parking					168,566	168,566
Royalties, licensing, advertisements, and sponsorships	15,400	6,100	4,200	55,700	229,450	310,850
Other	3,938	23,679	501	6,807	508,652	543,577
Total operating revenues	2,352,449	422,322	98,635	1,181,311	8,881,035	12,935,752
EXPENSES						
Operating Expenses:						
Athletics student aid	825,125	115,535	153,285	879,898	125,164	2,099,007
Guarantees	400,000	6,603	4,000	11,224		421,827
Coaching salaries, benefits, and bonuses paid by the university and related entities	1,076,373	394,366	207,874	679,710		2,358,323
Support staff/administrative salaries, benefits, and bonuses paid by the university and related entities	11,330			11,400	805,968	828,698
Severance payments	25,668	6,696	15,972	8,384	12,443	69,163
Recruiting	106,300	38,806	25,229	67,431	12,090	249,856
Team travel	337,485	181,233	142,441	491,625	36	1,152,820
Equipment, uniforms, and supplies	198,217	23,850	15,742	263,831	56,011	557,651
Game expenses	125,363	96,805	44,881	109,109	407,630	783,788
Fund raising, marketing, and promotion	17,395	2,965		20,270	131,123	171,753
Direct facilities, maintenance, and rental	22,566	18,208	2,604	65,448	323,297	432,123
Medical expenses and medical insurance					377,457	377,457
Membership and dues	780	775	500	2,231	88,110	92,396
Other operating expense	35,183	23,520	2,965	40,574	269,940	372,182
Total operating expenses	3,181,785	909,362	615,493	2,651,135	2,609,269	9,967,044
EXCESS (Deficiency) OF REVENUES OVER (Under) EXPENSES	(\$829,336)	(\$487,040)	(\$516,858)	(\$1,469,824)	\$6,271,766	\$2,968,708

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1. CONTRIBUTIONS

No individuals or outside organizations other than the University of Louisiana at Lafayette Foundation, Inc., contributed monies, goods, or services for or on behalf of the athletic department that exceeded 10 percent of the total contributions included in Statement A.

2. CAPITAL ASSETS

Capital assets are reported at cost at the date of acquisition or their estimated fair value at the date of donation. For movable property, the university's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized if they exceed \$100,000. Any infrastructure exceeding \$3 million must be capitalized, but the university does not have any infrastructure that meets that criterion. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. Depreciation is computed using the straight-line method over the estimated useful life of the assets, generally 40 years for buildings and infrastructure, 20 years for depreciable land improvements, and 3 to 10 years for most movable property. All departments within the university follow standardized policies and procedures prescribed by state laws and regulations for acquiring, approving, depreciating, and disposing of capital assets. The university has no debt associated with its athletic department's capital assets.

Capital asset activity for the Athletic Department for the year ended June 30, 2007, is as follows:

	Balance June 30, 2006	Additions	Retirements	Balance June 30, 2007
Capital assets not being depreciated - construction-in-progress	\$648,150	\$2,719,125	NONE	\$3,367,275
Other capital assets:				
Land improvements	\$1,290,401			\$1,290,401
Less - accumulated depreciation	(1,131,111)	(\$9,955)		(1,141,066)
Total land improvements	159,290	(9,955)	NONE	149,335
Buildings	14,769,397	208,323		14,977,720
Less - accumulated depreciation	(7,481,757)	(354,980)		(7,836,737)
Total buildings	7,287,640	(146,657)	NONE	7,140,983
Equipment	550,728	26,137	(\$30,827)	546,038
Less - accumulated depreciation	(485,607)	(18,686)	30,827	(473,466)
Total equipment	65,121	7,451	NONE	72,572
Total other capital assets	\$7,512,051	(\$149,161)	NONE	\$7,362,890
Capital Asset Summary:				
Capital assets not being depreciated	\$648,150	\$2,719,125		\$3,367,275
Other capital assets, at cost	16,610,526	234,460	(\$30,827)	16,814,159
Total cost of capital assets	17,258,676	2,953,585	(30,827)	20,181,434
Less - accumulated depreciation	(9,098,475)	(383,621)	30,827	(9,451,269)
Capital assets, net	\$8,160,201	\$2,569,964	NONE	\$10,730,165

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